

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2018
(Based on Japanese GAAP)**

November 9, 2018

Company name: KENKO Mayonnaise Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 2915 URL: <https://www.kenkomayo.co.jp>
 Representative: President and Representative Director Takashi Sumii
 Managing Executive Officer and General Atsushi Kyogoku
 Inquiries: Manager Corporate Planning Office TEL 03-5318-7530
 Scheduled date to file Quarterly Securities Report: November 13, 2018
 Scheduled date to commence dividend payments: December 3, 2018
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2018	37,409	1.0	1,456	(32.4)	1,512	(30.8)	903	(39.4)
Six months ended September 30, 2017	37,021	2.8	2,152	(13.1)	2,184	(12.3)	1,489	(11.9)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	54.84	–
Six months ended September 30, 2017	90.43	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	65,727	31,745	48.3
As of March 31, 2018	64,837	30,984	47.8

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	–	18.00	–	19.00	37.00
Year ending March 31, 2019	–	15.00	–	–	–
Year ending March 31, 2019 (Forecast)	–	–	–	15.00	30.00

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	74,500	2.4	2,920	(30.0)	3,000	(27.7)	2,270	(21.1)	137.78

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2018
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2018	16,476,000 shares	As of March 31, 2018	16,476,000 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2018	493 shares	As of March 31, 2018	441 shares
--------------------------	------------	----------------------	------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2018	16,475,514 shares	Six months ended September 30, 2017	16,475,718 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	13,072	10,975
Notes and accounts receivable - trade	13,566	14,511
Merchandise and finished goods	1,866	1,636
Work in process	10	13
Raw materials and supplies	1,100	1,089
Other	504	717
Allowance for doubtful accounts	(0)	(0)
Total current assets	30,121	28,943
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,676	9,782
Machinery, equipment and vehicles, net	5,904	8,198
Land	5,978	5,900
Construction in progress	8,543	7,922
Other, net	363	476
Total property, plant and equipment	30,466	32,279
Intangible assets	219	239
Investments and other assets		
Deferred tax assets	611	560
Other	3,455	3,741
Allowance for doubtful accounts	(36)	(36)
Total investments and other assets	4,030	4,265
Total non-current assets	34,716	36,784
Total assets	64,837	65,727

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	9,940	10,622
Electronically recorded obligations - operating	825	1,010
Current portion of long-term loans payable	1,165	1,024
Income taxes payable	866	743
Other provision	475	583
Other	8,034	6,517
Total current liabilities	21,307	20,502
Non-current liabilities		
Long-term loans payable	7,131	7,379
Net defined benefit liability	365	388
Other provision	989	996
Other	4,059	4,715
Total non-current liabilities	12,546	13,480
Total liabilities	33,853	33,982
Net assets		
Shareholders' equity		
Capital stock	5,424	5,424
Capital surplus	5,691	5,691
Retained earnings	18,890	19,480
Treasury shares	(1)	(1)
Total shareholders' equity	30,004	30,595
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,064	1,242
Foreign currency translation adjustment	2	(21)
Remeasurements of defined benefit plans	(87)	(71)
Total accumulated other comprehensive income	979	1,150
Total net assets	30,984	31,745
Total liabilities and net assets	64,837	65,727

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	37,021	37,409
Cost of sales	27,445	28,292
Gross profit	9,576	9,117
Selling, general and administrative expenses	7,423	7,660
Operating profit	2,152	1,456
Non-operating income		
Interest income	0	0
Dividend income	19	20
Share of profit of entities accounted for using equity method	–	6
Other	55	79
Total non-operating income	74	106
Non-operating expenses		
Interest expenses	30	46
Share of loss of entities accounted for using equity method	7	–
Other	5	3
Total non-operating expenses	43	49
Ordinary profit	2,184	1,512
Extraordinary income		
Subsidy income	8	63
Other	0	14
Total extraordinary income	8	77
Extraordinary losses		
Loss on retirement of non-current assets	5	1
Loss on disaster	–	15
Impairment loss	1	22
Total extraordinary losses	7	38
Profit before income taxes	2,185	1,551
Income taxes	696	647
Profit	1,489	903
Profit attributable to owners of parent	1,489	903

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	1,489	903
Other comprehensive income		
Valuation difference on available-for-sale securities	193	178
Remeasurements of defined benefit plans, net of tax	28	16
Share of other comprehensive income of entities accounted for using equity method	(7)	(23)
Total other comprehensive income	214	171
Comprehensive income	1,704	1,074
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,704	1,074

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	2,185	1,551
Depreciation	923	974
Increase (decrease) in provision	131	114
Increase (decrease) in net defined benefit liability	5	16
Interest and dividend income	(19)	(20)
Interest expenses	30	46
Decrease (increase) in notes and accounts receivable - trade	(2,978)	(945)
Decrease (increase) in inventories	19	238
Increase (decrease) in notes and accounts payable - trade	2,807	867
Increase (decrease) in accounts payable - other	566	129
Other, net	455	(52)
Subtotal	4,126	2,919
Interest and dividend income received	19	20
Interest expenses paid	(30)	(46)
Income taxes paid	(911)	(702)
Net cash provided by (used in) operating activities	3,204	2,191
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,133)	(4,175)
Purchase of intangible assets	(9)	(20)
Purchase of investment securities	(11)	(11)
Proceeds from sales of investment securities	-	19
Other, net	(0)	(1)
Net cash provided by (used in) investing activities	(4,155)	(4,189)
Cash flows from financing activities		
Proceeds from long-term loans payable	2,053	700
Repayments of long-term loans payable	(525)	(593)
Cash dividends paid	(378)	(312)
Proceeds from installment plan	1,353	1,334
Repayments of installment payables	(890)	(1,225)
Other, net	(1)	(2)
Net cash provided by (used in) financing activities	1,611	(99)
Net increase (decrease) in cash and cash equivalents	660	(2,097)
Cash and cash equivalents at beginning of period	13,779	13,072
Cash and cash equivalents at end of period	14,440	10,975